

Message Text

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62

ORIGIN TRSE-00

INFO OCT-01 EUR-25 ISO-00 EB-11 RSC-01 /038 R

DRAFTED BY TREASURY/OS:NGORDON:GB

APPROVED BY EUR/EE:JABAKER

EUR/EE:EESEGALL

EUR/EE:JMANDEL

EB/IFD/OMA:MTMINNIES (SUBS)

TREASURY:MFIELDS

----- 119247

P 292340Z NOV 73

FM SECSTATE WASHDC

TO AMEMBASSY BUCHAREST PRIORITY

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E.O. 11652: N/A

TAGS: EFIN, RO

SUBJECT: INCOME TAX CONVENTION

FOR BRAMANTE

1. SEVERAL MEETINGS HELD IN WASHINGTON BETWEEN US DELEGATION AND GOR EMBASSY STAFF (ANGHEL) TO FINALIZE CONVENTION. A NUMBER OF CHANGES MOSTLY MINOR PROPOSED BY BOTH SIDES. THESE HAVE BEEN TRANSMITTED BY ROMANIAN EMBASSY TO BUCHAREST FOR APPROVAL BUT APPROVAL HAS BEEN SLOW IN COMING. WOULD APPRECIATE IF BRAMANTE WOULD PRESS GOR DELEGATION FOR PROMPT ACTION NECESSARY IF AGREEMENT TO BE SIGNED DURING FORTHCOMING VISIT OF PRESIDENT.

2. ONE ISSUE OF IMPORTANCE CONCERNS ENTERTAINERS.

(A) WE HAVE AGREED TO GOR REQUEST THAT WE EXEMPT ENTERTAINERS HERE UNDER A SPECIFIC GOVERNMENTAL AGREEMENT WITHOUT REGARD TO THE AMOUNT EARNED (BUT SUBJECT TO OTHER TESTS SUCH AS PRESENCE NOT EXCEEDING 183 DAYS). (B) ON ENTERTAINERS NOT UNDER GOVERNMENT AEGIS, WE PROPOSE AS LIMITED OFFICIAL USE

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QUID PRO QUO THAT PRESENCE NOT EXCEED 90 DAYS AND EARNINGS

NOT EXCEED THREE THOUSAND DOLLARS. THIS CORRESPONDS TO A PROVISION IN US LAW. GOR HAS URGED THAT EARNINGS NOT EXCEED ONE HUNDRED DOLLARS PER DAY INSTEAD OF THE 90 DAY TEST.

3. DIFFICULT FOR US TO ACCEPT GOR PROVISION UNDER (B) SINCE THERE WOULD BE NO RECIPROCITY. TREATY CANNOT IMPOSE TAX WHERE STATUTE DOES NOT DO SO. CONSEQUENTLY, ACCEPTANCE OF GOR PROPOSAL WOULD MEAN US WOULD EXEMPT UNDER OUR LAW ROMANIAN ENTERTAINERS IN (B) IF THEY EARN LESS THAN THREE THOUSAND DOLLARS IN 90 DAYS, BUT ROMANIA WOULD EXEMPT US ENTERTAINERS ONLY IF THEY EARNED LESS THAN ONE HUNDRED DOLLARS A DAY AND LESS THAN THREE THOUSAND DOLLARS IN THE AGGREGATE. NOT CERTAIN THAT THIS CASE HAS BEEN CLEARLY MADE TO GOR. IT MIGHT HELP TO GET GOR APPROVAL IF BRAMANTE MAKES IT CLEAR TO VIDROIU. KISSINGER

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